



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 • FAX:
7785-4111

DOCKET ITEM: C-03	BOARD MEETING: August 27, 2014	EXEMPTION NUMBER: E-010-014
EXEMPTION APPLICANT(S): St. Anthony's Health System, St. Anthony's Health Center, OSF Healthcare System		
FACILITY NAME and LOCATION: Saint Anthony's Health Center, Alton, Illinois		

STATE BOARD STAFF REPORT
CHANGE OF OWNERSHIP EXEMPTION

I. The Exemption Application

The applicants are proposing a change in control of an Illinois licensed health care facility. OSF Healthcare System is proposing the change of ownership to allow consummation of a proposed merger whereby St. Anthony's Health System d/b/a Saint Anthony's Health Center, Alton, will merge with and into OSF Healthcare System, with OSF Healthcare System resulting as the surviving corporate entity. The transaction merges one faith-based, not for profit entity with another, in an effort to ensure greater access to healthcare services, while preserving the spirit of service and charity brought forth by both institutions for nearly a century.

The licensee and operating entity and the owner of the site is Saint Anthony's Health System. Ownership and operational management will be transferred to OSF Healthcare System d/b/a OSF Saint Anthony's Health Center, upon transaction completion. The Fair Market Value of Saint Anthony's Health System is \$64,554,000. The anticipated date of project completion is December 31, 2014.

No letters of opposition were received by the State Board Staff and there was no request for a public hearing.

Letters of support were received from the following:

- State Senator William R. Haine
- Mayor Brant Walker, Mayor of Alton
- Mayor Mike McCormick, Village of Godfrey
- Monica J. Bristow, President River Bend Growth Association
- James V. Piephoff, M.D. Radiation Oncologist, Chief of Staff, St. Anthony Healthcenter
- Raj Patel, M.D. Internal Medicine
- Toni M. Corona, Public Health Administrator
- J. Teri Dooling, CPA
- D Jeanine Kelly, Director of Risk Management, Alton Steel, Inc.
- Dr. Kenneth Spells, Superintendent Alton Community Unit School District #1
- John Keller, Regional President, Carrollton Bank

The Illinois Health Facilities Planning Act defines a change of ownership as

“ . . . a change in the person who has ownership or control of a health care facility’s physical plant and capital assets. A change in ownership is indicated by the following transactions: sale, transfer, acquisition, lease, change of sponsorship or other means of transferring control.”

The applicants are before the State Board because the transaction involves a change in control of a health care facility as defined by the Act. (20 ILCS 3960/3)

The applicants have met all of the requirements of 77 IAC 1130.520 Requirements for Exemptions Involving a Change of Ownership of a Health Care Facility.

II. The Facility

Saint Anthony’s Health Center is a 145-bed acute care hospital, located at 1 Saint Anthony’s Way, in Alton, Illinois. The facility currently contains 101 Medical/Surgical beds, 19 Intensive Care Beds, 20 Obstetric/Gynecology beds, and 5 Pediatric beds. The occupancy rate reported on the CY 2012 Hospital Profile is 29.5% overall. Saint Anthony’s Health Center is a subsidiary of Saint Anthony’s Health System, based in Alton, Illinois. Saint Anthony’s Health System also owns/operates Saint Clare’s Hospital, Alton, which will also transfer its ownership to OSF Healthcare System, Peoria, via Exemption #E-009-14.

III. The Applicants

OSF Healthcare System, Peoria. OSF Healthcare System is a faith-based health care system, operating eight separate hospital facilities through several affiliated entities, in central and northern Illinois. They are:

- OSF Holy Family Medical Center, Monmouth
- OSF Saint Elizabeth Medical Center, Ottawa
- OSF Saint Francis Medical Center, Peoria
- OSF Saint James/John W. Albrecht Medical Center, Pontiac
- OSF Saint Anthony Medical Center, Rockford
- OSF Saint Joseph Medical Center, Bloomington
- OSF Saint Mary Medical Center, Galesburg
- OSF Saint Luke Medical Center, Kewanee

Like Saint Anthony’s Health System, OSF Healthcare has a history of providing Catholic healthcare services, to include charitable care. Once approved by the State Board, Saint Anthony’s Health System will merge into OSF Health care System, and the charitable mission that endured for approximately 90 years in

Alton, will continue under the guidance and direction of the OSF Healthcare system. OSF Healthcare System has an “A/Stable” Bond Rating from Standard & Poor’s, and has supplied consolidated financial statements, supporting the applicant’s financial viability.

Saint Anthony’s Health System, Alton. Saint Anthony’s Health System has provided faith based healthcare services to the Alton Area since 1925. Like OSF Healthcare system, Saint Anthony’s religious foundation has focused on providing charitable care to those in need and promoting quality healthcare in the region. Saint Anthony’s Health System owns/operates two hospitals in southwestern Illinois/metro-East Saint Louis area. They are:

- Saint Clare’s Hospital, Alton
- Saint Anthony’s Health Center, Alton

IV. **The Proposed Transaction**

Under the terms of the Transaction, St Anthony’s Health System will merge with OSF Health System, and continue to provide charitable, faith-based care to its patient base. OSF Health Care System will seek to maintain Saint Anthony’s single hospital-multiple location licensure status. As a result of the proposed transaction, the applicants plan to promote greater access/improve coordination of healthcare services to communities served by the newly joined entities, achieve excellence in clinical innovations while realizing greater economies of scale in its services, and preserve and enhance the existing Catholic healthcare in the communities served by the merging entities. The applicants note there is no transaction acquisition price, but notes the Fair Market Value (FMV) of the transaction to be \$64,554,000. Upon project closing Saint Anthony’s Hospital will likely operate as OSF Saint Anthony’s Hospital.

V. **Background**

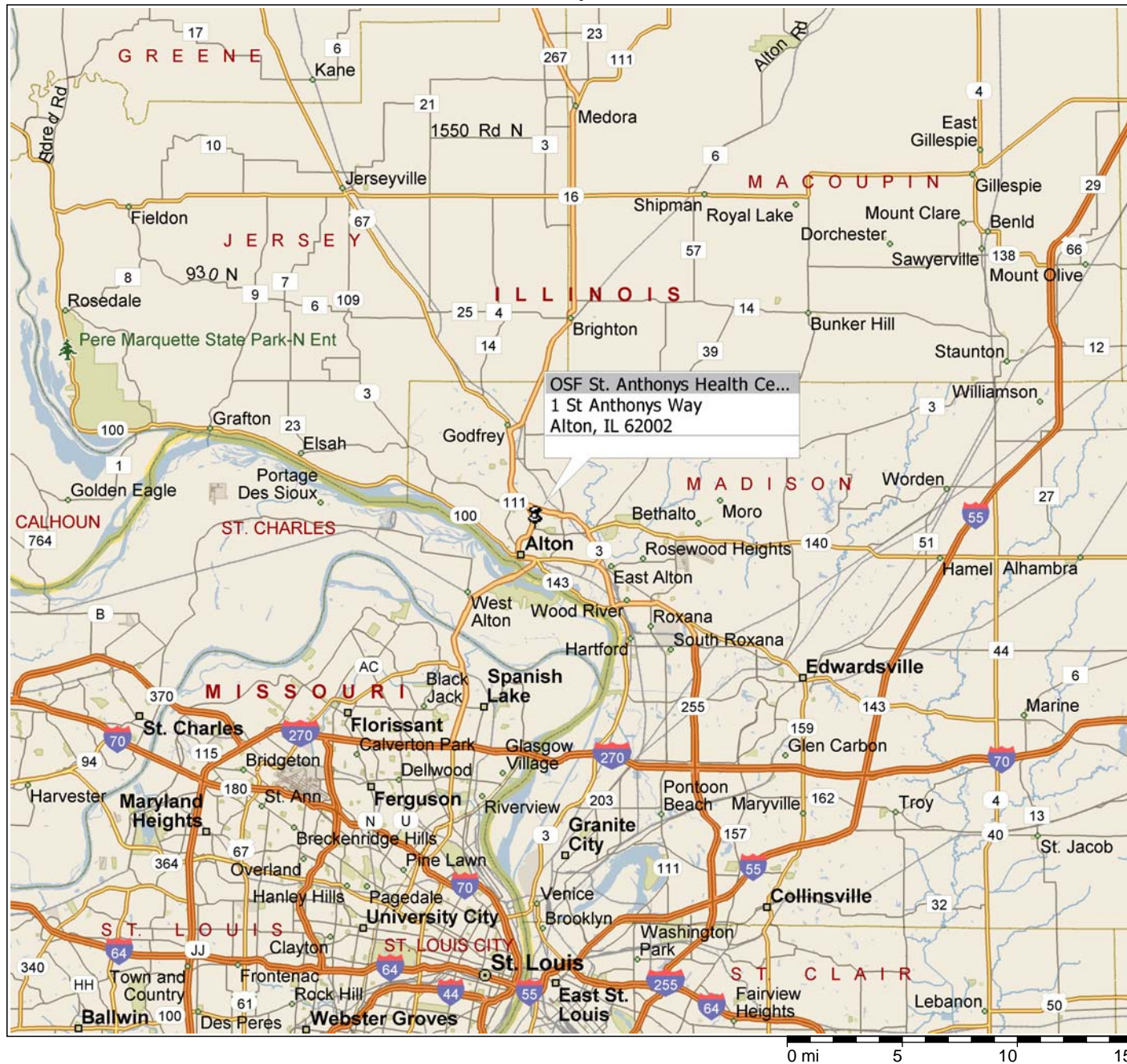
- **Previously on December 17, 2013** the State Board approved the merger of Kewanee Hospital and OSF Healthcare System (Exemption #E-020-13). Kewanee Hospital, a 25-bed critical access hospital, was a single operating entity, located in Kewanee. Acquisition Price: \$0. FMV of Transaction: \$54,846,000. The facility was renamed OSF Saint Luke Medical Center, Kewanee.
- **Previously on April 17, 2012** the State Board approved the merger of Ottawa Regional Hospital & Healthcare and OSF Healthcare System (Exemption #E-001-12). Ottawa Regional Hospital, a 99-bed acute care hospital, was a single operating entity, located in Ottawa. Acquisition Price: \$0. FMV of Transaction: \$58,026,000. The facility was renamed OSF Saint Elizabeth Medical Center, Ottawa.
- **On May 10, 2011** the State Board approved the merger of Rockford

Health System (Rockford Memorial Hospital), and OSF Healthcare System. (Exemption #E-007-11). Rockford Memorial Hospital is a 396-bed acute care hospital, located in Rockford. Acquisition Price: \$0. FMV of transaction: \$212,568,000. **On April 23, 2012, OSF abandoned Exemption #E-007-11, noting the FTC ruled that the transaction violates antitrust law.**

VI. **Other Information**

Along with Exemption #E-010-14, Saint Anthony's Health Center, the State Board will hear **Exemption #E-009-14: Saint Clare's Hospital, Alton.** OSF Healthcare System proposes to merge with Saint Anthony's Health System, owner/operator of Saint Clare's Hospital, a facility co-owned by Saint Anthony's Health System, for operational control of its 58-bed long term care/rehabilitation hospital in Alton. Exemption #E-010-14 will be heard immediately after Exemption #E-009-14.

E-010-14 OSF/St. Anthony's Health Center - Alton



<u>Ownership, Management and General Information</u>				<u>Patients by Race</u>		<u>Patients by Ethnicity</u>	
ADMINISTRATOR NAME:	E.J. Kuiper			White	90.3%	Hispanic or Latino:	0.4%
ADMINSTRATOR PHONE	618-474-4690			Black	9.3%	Not Hispanic or Latino:	99.4%
OWNERSHIP:	Saint Anthony's Health Center			American Indian	0.0%	Unknown:	0.3%
OPERATOR:	Saint Anthony's Health Center			Asian	0.1%		
MANAGEMENT:	Church-Related			Hawaiian/ Pacific	0.0%	IDPH Number:	2287
CERTIFICATION:	(Not Answered)			Unknown	0.3%	HPA	F-01
FACILITY DESIGNATION:	General Hospital					HSA	11
ADDRESS	1 Saint Anthony's Way	CITY: Alton	COUNTY: Madison County				

<u>Facility Utilization Data by Category of Service</u>										
<u>Clinical Service</u>	Authorized CON Beds 12/31/2011	Peak Beds Setup and Staffed	Peak Census	Admissions	Inpatient Days	Observation Days	Average Length of Stay	Average Daily Census	CON Occupancy 12/31/2011	Staff Bed Occupancy Rate %
Medical/Surgical	101	100	45	3,206	9,749	1,243	3.4	30.1	29.8	30.1
0-14 Years				402	1,225					
15-44 Years				390	1,186					
45-64 Years				903	2,745					
65-74 Years				548	1,660					
75 Years +				963	2,933					
Pediatric	5	2	0	0	0	0	0.0	0.0	0.0	0.0
Intensive Care	19	17	10	1,127	3,425	25	3.1	9.5	49.7	55.6
Direct Admission				578	1,752					
Transfers				549	1,673					
Obstetric/Gynecology	20	20	16	443	1,056	119	2.7	3.2	16.1	16.1
Maternity				424	1,015					
Clean Gynecology				19	41					
Neonatal	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long Term Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Swing Beds				0	0		0.0	0.0		
Acute Mental Illness	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Rehabilitation	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long-Term Acute Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedicated Observation	0					0				
Facility Utilization	145			4,227	14,230	1,387	3.7	42.8	29.508	

(Includes ICU Direct Admissions Only)

<u>Inpatients and Outpatients Served by Payor Source</u>							
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Totals
Inpatients	44.1%	16.5%	0.7%	31.7%	2.6%	4.3%	
	1864	699	29	1341	111	183	4,227
Outpatients	29.5%	20.3%	0.5%	38.0%	8.6%	3.1%	
	18356	12600	300	23634	5356	1905	62,151
<u>Financial Year Reported:</u>	1/1/2012 to	12/31/2012	<u>Inpatient and Outpatient Net Revenue by Payor Source</u>				
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals	Charity Care Expense
Inpatient Revenue (\$)	61.4%	22.0%	0.8%	15.7%	0.0%	100.0%	
	18,862,588	6,774,120	250,287	4,839,860	6,408	30,733,263	1,189,445
Outpatient Revenue (\$)	40.1%	5.2%	0.2%	53.9%	0.6%	100.0%	
	17,665,336	2,285,105	67,784	23,736,914	252,266	44,007,405	2,788,929
							Total Charity Care Expense 3,978,374
							Total Charity Care as % of Net Revenue 5.3%

<u>Birth Data</u>			<u>Newborn Nursery Utilization</u>			<u>Organ Transplantation</u>	
Number of Total Births:	389		Level 1 Patient Days	779		Kidney:	0
Number of Live Births:	388		Level 2 Patient Days	48		Heart:	0
Birthing Rooms:	0		Level 2+ Patient Day	0		Lung:	0
Labor Rooms:	2		Total Nursery Patientdays	827		Heart/Lung:	0
Delivery Rooms:	0					Pancreas:	0
Labor-Delivery-Recovery Rooms:	0					Liver:	0
Labor-Delivery-Recovery-Postpartum Rooms:	11		<u>Laboratory Studies</u>			Total:	0
C-Section Rooms:	1		Inpatient Studies	142,134			
CSections Performed:	111		Outpatient Studies	222,508			
			Studies Performed Under Contract	4,697			

Surgery and Operating Room Utilization

<u>Surgical Specialty</u>	<u>Operating Rooms</u>				<u>Surgical Cases</u>		<u>Surgical Hours</u>			<u>Hours per Case</u>	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Cardiovascular	0	0	0	0	1	0	2	0	2	2.0	0.0
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	6	6	251	642	467	770	1237	1.9	1.2
Gastroenterology	0	0	0	0	0	0	0	0	0	0.0	0.0
Neurology	0	0	0	0	0	0	0	0	0	0.0	0.0
OB/Gynecology	0	0	1	1	29	149	62	223	285	2.1	1.5
Oral/Maxillofacial	0	0	0	0	0	1	0	3	3	0.0	3.0
Ophthalmology	0	0	0	0	0	109	0	58	58	0.0	0.5
Orthopedic	0	0	0	0	244	386	771	333	1104	3.2	0.9
Otolaryngology	0	0	0	0	4	245	15	379	394	3.8	1.5
Plastic Surgery	0	0	0	0	0	211	0	130	130	0.0	0.6
Podiatry	0	0	0	0	19	94	17	158	175	0.9	1.7
Thoracic	0	0	0	0	0	0	0	0	0	0.0	0.0
Urology	0	0	1	1	114	492	86	395	481	0.8	0.8
Totals	0	0	8	8	662	2329	1420	2449	3869	2.1	1.1
<u>SURGICAL RECOVERY STATIONS</u>				Stage 1 Recovery Stations		8	Stage 2 Recovery Stations		0		

Dedicated and Non-Dedicated Procedure Room Utilization

<u>Procedure Type</u>	<u>Procedure Rooms</u>				<u>Surgical Cases</u>		<u>Surgical Hours</u>			<u>Hours per Case</u>	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Gastrointestinal	0	0	3	3	588	3883	588	3883	4471	1.0	1.0
Laser Eye Procedures	0	0	0	0	0	0	0	0	0	0.0	0.0
Pain Management	0	0	0	0	0	0	0	0	0	0.0	0.0
Cystoscopy	0	0	0	0	0	0	0	0	0	0.0	0.0
<u>Multipurpose Non-Dedicated Rooms</u>											
	0	0	0	0	0	0	0	0	0	0.0	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0

Emergency/Trauma Care

Certified Trauma Center	No
Level of Trauma Service	Level 1
	(Not Answered)
Operating Rooms Dedicated for Trauma Care	0
Number of Trauma Visits:	0
Patients Admitted from Trauma	0
Emergency Service Type:	Basic
Number of Emergency Room Stations	15
Persons Treated by Emergency Services:	23,366
Patients Admitted from Emergency:	4,065
Total ED Visits (Emergency+Trauma):	23,366

Cardiac Catheterization Utilization

Total Cardiac Cath Procedures:	354
Diagnostic Catheterizations (0-14)	0
Diagnostic Catheterizations (15+)	229
Interventional Catheterizations (0-14):	0
Interventional Catheterization (15+)	125
EP Catheterizations (15+)	0

Cardiac Surgery Data

Total Cardiac Surgery Cases:	0
Pediatric (0 - 14 Years):	0
Adult (15 Years and Older):	0
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	0

Outpatient Service Data

Total Outpatient Visits	85,491
Outpatient Visits at the Hospital/ Campus:	85,168
Outpatient Visits Offsite/off campus	323

Cardiac Catheterization Labs

Total Cath Labs (Dedicated+NonDedicated labs):	1
Cath Labs used for Angiography procedures	1
Dedicated Diagnostic Catheterization Lab	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	0

Diagnostic/Interventional Equipment**Examinations****Radiation Equipment****Therapies/Treatments**

	<u>Owned Contract</u>		<u>Inpatient</u>	<u>Outpt</u>	<u>Contract</u>		<u>Owned Contract</u>		
General Radiography/Fluoroscopy	8	2	7,277	21,205	0	Lithotripsy	0	1	36
Nuclear Medicine	2	0	331	1,228	0	Linear Accelerator	0	0	0
Mammography	2	0	0	4,287	0	Image Guided Rad Therapy	0	0	0
Ultrasound	4	0	1,645	4,917	0	Intensity Modulated Rad Thrp	0	0	0
Angiography	1	0				High Dose Brachytherapy	0	0	0
Diagnostic Angiography			0	0	0	Proton Beam Therapy	0	0	0
Interventional Angiography			15	48	0	Gamma Knife	0	0	0
Positron Emission Tomography (PET)	0	1	0	0	161	Cyber knife	0	0	0
Computerized Axial Tomography (CAT)	1	0	2,199	6,445	0				
Magnetic Resonance Imaging	1	0	437	1,907	0				